

Our Ship Has Come In

More than 300 years after its founding, business at the Port of Baltimore is booming.

By Ron Cassie

Mark Schmidt, who keeps a pair of binoculars on his file cabinet, jokes that he has “the best view of the harbor in the city.” On a recent afternoon, his sunny water’s-edge office offers the perfect vantage point. But the 22-year Port of Baltimore veteran isn’t admiring tall ships or checking for pretty girls aboard the water taxis. As manager of the Seagirt Marine Terminal, he’s focused on seven 110-foot cranes—and the dozens of truck drivers and longshoremen swarming around them—that are simultaneously loading three massive container ships eventually headed for China, the Middle East, and South America.

“The best view, except for the noise,” says Schmidt, with a smile, as he glances over to an Evergreen Line ship scheduled for 1,355 “moves”—container loads and discharges—during its 13 hours in port. “And maybe the heat”—July and August temperatures reach toward 110 degrees off the concrete here.

“That’s the ‘spreader,’” says Schmidt, pointing to a crane’s monstrous steel claw as it plucks a 40-foot container from a flatbed. Trucks line up three deep as crane operators, seated in sky-high cabs with joysticks in the armrests, lift and lower one giant metal box after another. Aboard the ships, the length of three football fields, longshoremen lash the outgoing cargo to the deck and make sure each corner “shoe” of the containers, stacked four high, is locked into place.

The energetic Schmidt seems the ultimate problem-solver as he fields constant calls from longshoremen and drivers. (“Is it okay to ‘boom down’ the crane for repairs?,” “Can I drive my truck in?,” “Is the new construction guy on the visitor’s list?”) But the height of his career may be just unfolding: being a key player in the construction of the new 50-foot-deep berth—one of just two on the East Coast—designed to accommodate the super-sized ships expected to arrive via the expanded Panama Canal in 2014.

But that project is just one of the reasons that the trading world is starting to sit up and take notice of a massive facility that most Baltimoreans are barely aware of.

It wasn’t that long ago—your grandfather remembers—that Baltimoreans understood that their port was the region’s most important economic hub. They even made a local TV series about it in the ’50s, *The Port that Built a City*. (Okay, granted, with only three fuzzy, black-and-white channels, your choices were *The Ed Sullivan Show* and *I Love Lucy*.)

But somewhere along the way, the relevancy of the port seemed to wane in the public consciousness. Maybe smoke got in our eyes from heavy industries like cars and steel and spices, or maybe it was the smell of ether from a rising health-care scene.

But if you thought the port went the way of the rotary telephone, think again. Gradually, then suddenly, it’s regained its status as an economic juggernaut. And if six degrees of separation works (it’s probably closer to four in Smalltimore), then you’re likely connected to someone who works there: There are 40,000 people at work directly or indirectly because of the port.

Rebounding since its decline in the 1980s, when Baltimore began losing business to other ports, notably Norfolk and New York, the port saw a 15-percent increase last year in cargo handled, the largest increase of any major U.S. port. Baltimore also now ranks as the top U.S. importer/exporter of automobiles. In 2011, Baltimore also ranked first—among all 360 U.S. ports—for handling farm and construction equipment, imported forest products, imported sugar, imported gypsum, and imported iron ore, according to the Maryland Port Administration (MPA). And the port ranked second nationally for exported coal, imported salt, and imported aluminum.

But it's not just about cargo: Even the cruise business is booming, setting sail with a quarter-million passengers last year, a Baltimore record. If, however, there's one symbol of the broad public and private efforts to ensure the 300-year-old Port of Baltimore thrives for a fourth century, it was the sight of four massive 1,700-ton cranes—manufactured in Shanghai and 40 stories when fully erected—ducking beneath the Francis Scott Key Bridge in mid-June on their way to the new Seagirt berth.

“The Seagirt private-public partnership was the first of its kind; two major financial publications named it the logistics project of the year,” MPA executive director James White says. “We couldn't have done it without a commitment to the long-term success of the port. We want to maintain the business we have, and, at the same time, grow the port.”

Seemingly, all of Baltimore's oldest institutions trace their roots to the port. It was Jamestown's Capt. John Smith who led the first European expedition into the upper Chesapeake Bay, mapping the harbor's Patapsco River basin, among other local waterways, in 1608. Ninety-eight years later, the Maryland Colonial Assembly named Locust Point the official entry port for the tobacco trade with England—predating the incorporation of Baltimore City by two decades. In 1730, English Quaker and carpenter William Fell purchased a marshy piece of land on the shores of the Patapsco. The deep water there soon provided anchorage for shipping vessels and, later, Fells Point became a shipbuilding hub, notable for its renowned Baltimore clippers.

“Shipping out tobacco, wheat flour, in the 1700s, that was the beginning,” says Helen Delich Bentley, a former Maryland congresswoman, former chairman of the Federal Maritime Commission, and co-author of *The Great Port of Baltimore: Its First 300 Years, 1706 to 2006*.

If you took a time machine back 150 years, you'd recognize some of the names during roll call at the monthly Moose club meeting: They're the fat cats who got rich on the port, including Johns Hopkins and George Peabody, who were traders, as well as William Walters of The Walters Art Museum family, notes Bentley. The McDonogh School was established by John McDonogh, who was in the shipping business, Patterson Park bears the name of William Patterson, who'd started shipping wheat to England, and Enoch Pratt—who left his money to build the library system—was a trader, too. And our ethnic neighborhoods, like Little Italy, were built by immigrants arriving at the port, the second busiest U.S. entry point at one time after Ellis Island.

A number of port businesses from those early days remain ongoing enterprises, notes Bentley, who started as a port reporter for *The Baltimore Sun* during World War II and also hosted *The Port That Built a City*, beginning in 1950. Domino Sugar, for example, opened its Baltimore harbor refinery in 1922. Proving business is still sweet, it received its largest shipment of raw sugar ever of 95 million pounds—taking two weeks to unload—earlier this spring. Founded in 1889, McCormick & Company built its “House of McCormick” at the harbor in 1921. In 1927, W. G. N. Rukert, a tough, charismatic entrepreneur known as “Cap Rukert,” convinced McCormick to sell him Jackson's Wharf. A stevedoring and warehousing company, Rukert Terminals now handles metals, ores, alloys, and other dry bulk and cargo. In a good year, Rukert's handles 1.5 million tons of cargo. And during winter storms, thank Rukert

for making sure you don't slide off the road and find yourself in a snow drift: More than 600 trucks per day pull tons of salt from Rukert's warehouses for delivery to icy roads.

Percy Cox, a labor foreman with the International Longshoremen's Association 333, started working in 1963 when there were two longshoreman locals—a black one and a white one. “This is a hustling job, always has been,” says Cox, an African-American. He recalls standing in line in West Baltimore in those days, hoping to be picked for a day's job. “Back then, if you didn't work hard, when you'd go down to the union hall, they'd tell you not to come back.

“There's always been ups and downs here,” he continues. “Some weeks, you'd check in with your badge and then turn right around and check out with your badge, not moving a thing.”

Kenneth Powell, another longtime ILA member, has ridden the same roller coaster. He says the early '90s were the worst personally, when the port looked like it might never fully rebound. “I was starving to death,” Powell says. “I had to get a part-time job at the post office.”

Today, however, with “ro-ro” volume—roll-on, roll-off cargo like cars, trucks, tractors, and front loaders—at record levels, Cox and Powell are plenty busy. “Right now, you could work everyday if you have seniority,” Cox says.

But it was not that long ago that another series of factors threatened the port's future as one of the city and state's leading economic engines. Management-labor issues, as well as a poor labor reputation at the time, combined to take a further toll on the port's business. As the city struggled with the loss of its manufacturing base, particularly on the southeast side of town at places like Bethlehem Steel, General Motors, and Martin Aircraft, hopes dimmed for the port as a source of good-paying blue-collar jobs.

“Baltimore's [port] reputation in those days was that it wouldn't work in the rain,” Bentley says, alluding to the critical cost of delays—companies pay thousands of dollars per hour in fuel, docking fees, and wages to operate their ships. “In 1988, Gov. [William Donald] Schaefer got so agitated [about labor difficulties] that he was ready to shut down the port and turn it over to developers.” Port, business, and labor officials finally agreed to sit down. “We began mediation on Nov. 22 of that year and we ran every day—except for Christmas—until Jan. 8, 1989. Since then, there's been no labor strife.”

New labor agreements didn't change the course of the port overnight, but set the stage for a business model in the mid-1990s that's driving the port's current success. “We looked at our geographic advantage [8 million people in the Baltimore-Washington area and the nearest Atlantic port to the Midwest], and looked to a more diversified operation,” says port director White. “We're closest to the automobile manufacturers, the farm-equipment manufacturers, like Caterpillar, Case, and John Deere, and started to develop that market. We had to make decisions about taking down dilapidated warehouses or rehabilitating them. But at the same time, we needed to keep an eye on the container business. We knew we had a great facility at Seagirt.”

At about 10 a.m. on a recent Friday at the Dundalk site, NYK line Port Capt. Scott Senko reports ILA workers have driven 350 cars aboard in the past three hours. If that sounds like a low-tech way to load ships, it is. But low-tech is good news, in this case: Automobile, farm, and construction-equipment operations are especially significant because they translate into jobs. And the Dundalk Marine Terminal, a former airfield, includes acres needed for the storage of thousands of vehicles, another sector where we've gained a clear advantage over other ports.

Over 24 hours, more than 1,900 cars—many Toyota Avalons and Sequoias built at Midwestern plants heading for Saudi Arabia, Qatar, Bahrain, and Kuwait ports—squeeze onto the ship, a floating, 12-deck parking garage with ramps, orange cones, and a 12-mph speed limit, capable of stowing up to 3,500 vehicles. Ceiling heights beneath the deck adjust for farm and construction equipment. During loading, an enormous—and loud—ventilation system sucks carbon monoxide out while blowing fresh air in.

Bob Cooke, who came down to the port for a summer job after graduating from Mount Saint Joseph 33 years ago, plays a Noah-like role on Dundalk's steamy, sun-baked lot, checking his "bible," as he calls his manifest, for how many cars, make and model, to send onboard as he coordinates traffic. "The number of cars we load on a ship in a single day would've taken three weeks in the past," he says, referring to old "hoist" operations. He says his wife worries about melanoma, but he can't imagine life at a cubicle desk. "I like being outside—I'd be like an animal stuck in an office," he says. "When I'm off, I like to fish and hunt. It's just who I am."

Winter at the port can be a trip, too. "It's been so cold with those things [ventilation fans] sucking the snow in," port captain Senko says. "Inside the ship, it doesn't melt—we've had drifts in here."

It's another world at the Port of Baltimore since the bad old days of a recalcitrant union and the ineffective management of the 1980s.

Senko and Doug Wolfe, general manager for Ceres Marine Terminals, a private stevedore company unloading Senko's company's vessel, highlight the port and union's concentration on performance, and monthly meetings that bring together port, business, and labor leaders to address safety, quality, and efficiency concerns. Wolfe says Baltimore's moving times are among the nation's best. But the port's turnaround did not all pop at once, White acknowledges. "Back in 1996, we said we wanted to be number one in automobiles, and that didn't happen until last year. But that was the turning point, 1996." Similarly, a concerted effort was eventually made to go after cruise business.

"In 1996, we probably had a dozen cruises leaving the port, that's it," White says. This year, it's 100. "We knew we had a great market and we asked them [the cruise lines] what they needed. We didn't have our cruise terminal then—we had an ad-hoc warehouse at Dundalk. We had to get people away from the cargo, and relocated our cruise terminal to South Locust Point and did more dredging. Now, we had a new asset to sell and we stayed after it. We went to the cruise lines and said, 'We're going to build a facility—help us build it.' We thought they'd want the Taj Mahal, but no, they wanted something bare bones, very functional." The cruise lines, White learned, just want passengers to board quickly, without hassle, so they can get cracking spending their money on the ships.

It looks like clear sailing for now, but the port will always have to look over its shoulder to stay competitive with ports such as Philadelphia, Wilmington, and even Fort Lauderdale. The New York Harbor and the Port of Miami are moving forward with their 50-foot berth plans (though the Big Apple has some low-bridge issues); Charleston and Savannah, among others, are studying the viability of similar efforts. Baltimore and Norfolk's early advantage receiving Panamax ships won't last forever.

But more vexing is a unique Baltimore disability that relates to getting the mega ships' 14,000 TEUs (that's Twenty-foot Equivalent Units to you landlubbers, the size of a single cargo container) onto local freight trains. The reason is a bottleneck dating to the 1895 construction of the Howard Street Tunnel: It's not tall enough for today's freight trains, which double-stack containers. For that reason, says Ports America Chesapeake president and CEO Mark Montgomery, 99 percent of containers moving at the port come and go by truck instead of rail—something that needs to change.

But, hey, this is America, so just fix it, right? Well, not so fast. If you remember the hour-long nightmare on the Jones Falls Expressway every day for a month last spring, when the city closed lanes to patch up the highway's soft underbelly, then get out your abacus and calculate this: The cost of that highway repair was \$2 million. To address the Howard Street Tunnel problem, a job that would mean tearing up light-rail wiring above the tunnel and city sewers below, multiply that times 500, not just in money, but in time, traffic jams, and general aggravation. That's right, \$1 billion, at a minimum.

CSX owns the Howard Street Tunnel and, with the MPA and state, is now proposing a transfer station, which would allow adding a second cargo container atop freight trains after they pass beneath Howard Street. Once completed, it would link to the \$850 million National Gateway project, a public-private partnership that will create a double-stack rail corridor between Mid-Atlantic ports and the Midwest.

But construction of a transfer station in Elkridge, Jessup, or other suburban sites appears stalled. In April, Baltimore Mayor Stephanie Rawlings-Blake pressed CSX to seek an appropriate Baltimore City site, saying the project's delay was "threatening one of Baltimore's strongest pillars of economic growth and job creation." Other issues on the horizon include upcoming union contract negotiations and finding money and land for ongoing maintenance dredging. And when it comes to harbor-floor mud laced with a century of heavy metals and other pollutants, there's a NIMBY attitude toward having it dumped anywhere near a residential area. Environmentalists, in any case, fear that where ever it is dumped, it will leach into the bay.

Coke Point, near the former Bethlehem Steel plant at Sparrows Point, has been proposed as a site to replace the recently closed Hart-Miller Island dredging depository at the mouth of the Middle River. Potentially, 25-30 years down the road, a Coke Point dredging facility could convert to another marine terminal, but a Maryland Department of the Environment report calls the 2,300-acre Sparrows Point steelmaking area "perhaps the most complex environmental clean-up site in the Chesapeake Watershed."

While people like Ports America Chesapeake's Montgomery are convinced that the \$105 million Seagirt construction project to accommodate the huge Panamax ships is coming at a perfect time, there are some who doubt the Panama connection will be an instant panacea.

Hofstra University shipping expert Jean-Paul Rodrigue says it remains to be seen if ports like Baltimore can gain a substantial bump in container business from the rush to build 50-foot-deep berths.

"The Panamax ships may come or they may not, it's too early to tell," Rodrigue says, adding that the mega-ships passing through the canal may decide to unload at Panama's Port of Colon, or a number of other Caribbean ports, transferring their cargo to smaller ships for travel up the Atlantic. Rodrigue sees some, but limited, potential for Baltimore.

But Montgomery sees a huge upside at Seagirt, and growth in cargo that might include new distribution centers not only in the city, but also in Harford and Cecil Counties. Baltimore County sees potential, too: A Sparrows Point Partnership committee to study port-related opportunities was announced by Baltimore County Executive Kevin Kamentz in June.

Right now, Montgomery says, Baltimore is grabbing just 650,000 TEUs out of 3.1 million TEUs of cargo bound for Maryland on an annual basis—meaning after they're unloaded elsewhere and sent by truck or rail. He agrees with the mayor that the key is CSX. "We could grab the bulk of the Maryland freight with big-ship economics," Montgomery says. "We need to finalize a suitable site for the intermodal transfer facility and go get this business."

“We can grow organically, without doing too much, three percent a year,” Montgomery says of the port. “But as a citizen of Maryland, and also because it’s my job, I want us to do better. These are real jobs.”

Port Authority Jobs: 40,040 jobs in Maryland are generated by port activity. 14,630 of those represent direct employment generated by cargo and vessel activities at the port, including railroads, trucking companies, terminal operators, cargo handling, manufacturing, towing, pilots, ocean carriers, and agents.

14,470 are what the MPA calls “induced jobs,” or those supported by the local purchases of goods and services by direct employees. These jobs—including sales clerks, mechanics, teachers, and government employees—would be lost in the short term if the direct jobs were lost.

10,940 are indirect jobs, or those supported by the business purchases of the employers who create the direct jobs. These include those who provide office supplies and equipment, utilities, communications, repairs, and legal and financial services.

In addition, 68,300 other jobs in Maryland are directly related to activities at the port, including those at manufacturing firms, distributors, coal mines, and automobile dealers who ship through Baltimore.

Broader Economic Impact: The most recent numbers, from 2010, show the Port of Baltimore was responsible for \$3 billion in personal wage and salary income, generated \$1.7 billion in business revenues, \$1 billion in local purchases, and \$304 million in state, county, and municipal tax revenues.